

Report

Date September 4, 2024
Subject Interim Housing Needs Report

File: SPP00105

PURPOSE

To provide the 2024 Interim Housing Needs Report for Council's receipt.

BACKGROUND

On June 19, 2024, Council adopted Zoning Amendment Bylaw 3964, which brought the Municipality's zoning bylaw into partial compliance with the *Local Government Act*, as amended by the *Housing Statutes (Residential Development) Amendment Act* (known as "Bill 44"). Another requirement of Bill 44 is for local governments to complete an Interim Housing Needs Report (Attachment 1) by January 1, 2025, and publish a fully updated Housing Needs Report (HNR) by December 31, 2028. The Interim Housing Needs Report (IHNR) feeds into the next Bill 44 requirement: to update the Official Community Plan (OCP) and Zoning Bylaw to accommodate the 20-year housing need by the end of 2025. An overview of the [Bill 44 timeline](#) was provided to the Committee of the Whole on February 13, 2024.

In July 2024, the Province published the prescribed methodology for preparing IHNRs. The methodology produces two headline figures for housing needs over a 5-year and 20-year timeline. These figures are intended to amend the targets within the current HNR and may be published as an appendix to the HNR or as a standalone document. This methodology and an FAQ document are attached to this report (Attachments 2 & 3).

IHNR Housing Needs vs. Housing Target Order (HTO)

On June 17, the Municipality was issued a HTO from the Province. This directive requires that 1,233 units be constructed (i.e. granted occupancy permits) within North Cowichan over the next five years, and it is broadly consistent with the non-binding housing need articulated within the current 2021 HNR. The Municipality has responded to the Minister of Housing acknowledging the HTO and is confident in its ability to meet this target, particularly given the number of housing units implied within the slate of development applications currently at various processing stages by planning and building staff.

IHNR housing numbers are not related to the Housing Target Order and it is not expected that a municipality will necessarily issue building permits for the number of units identified within the IHNR. Instead, the IHNR provides non-binding information intended to help the local government understand and plan for the needs of the community.

By legislation, each local government must ensure that their OCP and Zoning Bylaw *accommodate* the 20-year number of units within the IHNR. This means ensuring that enough land within a municipal jurisdiction is zoned such that it would be *reasonably possible* for the 20-year number of units to be issued building permits without further zoning changes. Figure 1 below illustrates how the current HNR, new IHNR, and HTO targets fit together on their various timelines.

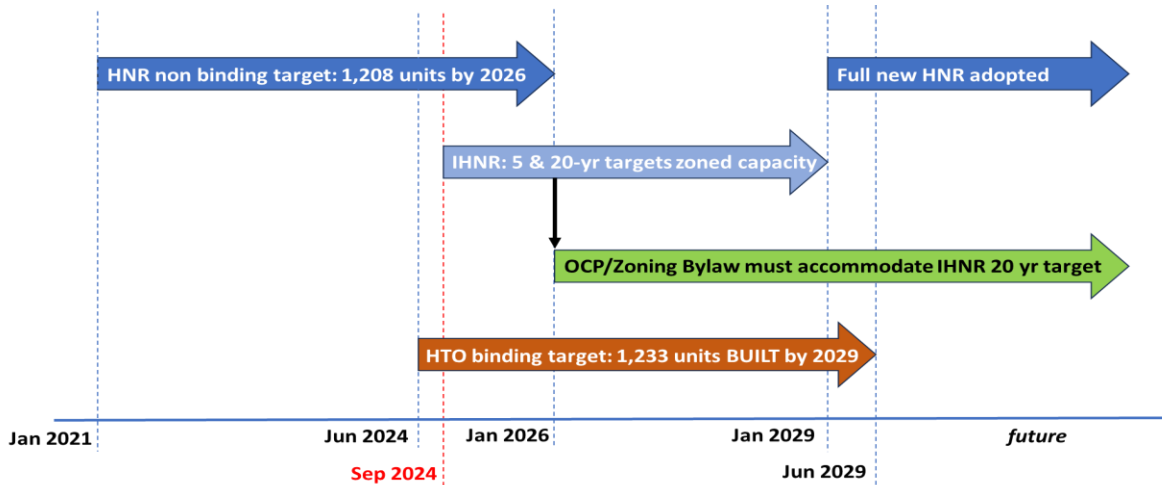


Figure 1: Timeline of HNR, IHNR, and HTO

Figure 2 below shows historic housing units delivered (Building Permits issued) up to the end of 2023. From 2024, it includes a projection for future units to 2029 based on a 1.69% growth rate, which enables North Cowichan to meet the HTO (which requires an average delivery of approximately 250 units/year to be achieved). Given the applications currently under review and level of development interest, staff consider that housing delivery over the next 2 – 5 years may potentially exceed the projected trajectory by a significant margin. It is possible that near-term housing delivery could, in fact, meet the IHNR 5-year need.

FIGURE 1: HOUSING TARGETS TIMELINES

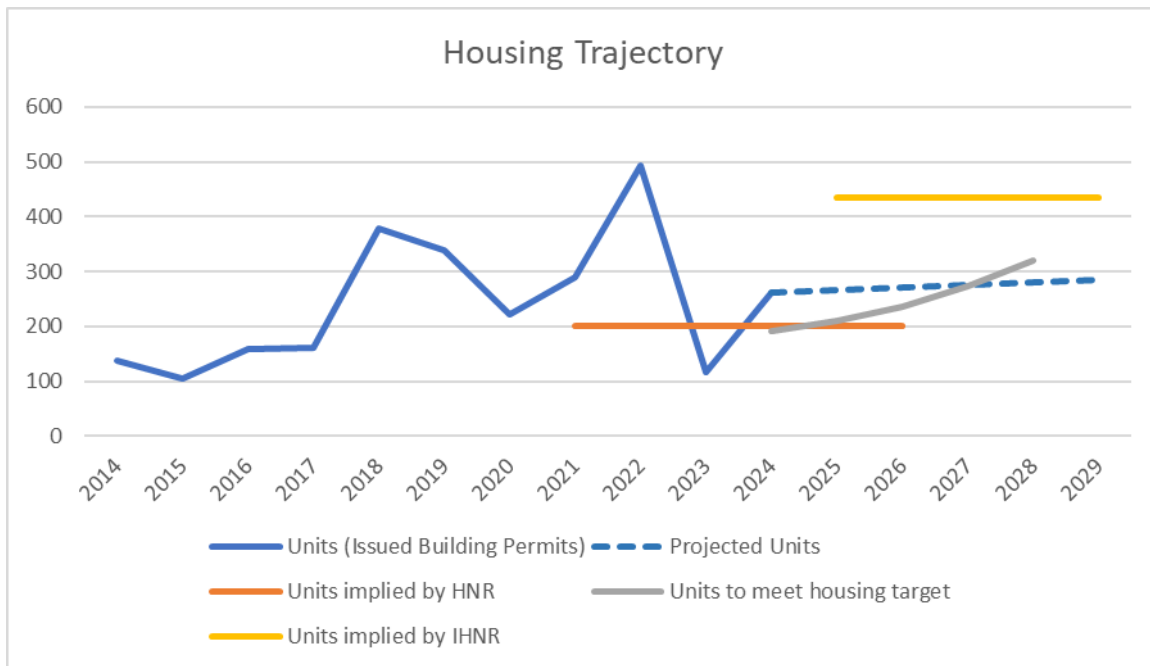


Figure 2: Housing

Delivery Past/Projected to 2024 reference year

DISCUSSION

At a minimum, an IHNR must do the following three things:

- 1) Identify the number of housing units required over the next 5 and 20 years, calculated using the HNR Method provided in the Regulation;
- 2) Include a statement regarding the need for housing in close proximity to infrastructure that supports public transit and active transportation; and,
- 3) Include a description of the actions taken by the local government to reduce housing needs since receipt of the previous HNR.

Further items are required for the full HNR due by the end of 2028; however, these are not needed to be completed now. The IHNR must be received by Council at a public meeting and, after that, made available and maintained on the Municipality's website.

Current HNR

In 2019, the Cowichan Valley Regional District (CVRD) undertook a regional HNR process, including separate appendices focused on each member municipality. The methodologies used were consistent with the *Housing Needs Report Regulation*, which continues to apply to the IHNR.

[North Cowichan's HNA](#) was published in January 2021. The IHNR amends but does not replace the current HNA. The two must be read in conjunction until a full new HNR is completed in 2028.

2028 HNR

The Local Government Act requires that a new HNR be adopted by the end of 2028 and every five years after that. The goal is that going forward the HNRs will be completed immediately following the release of data from each new census.

The goal and timing of the IHNR is to create a basis for the OCP and Zoning Bylaw updates that must be completed in 2025. The 2028 HNR will include additional details and may provide more opportunities for incorporating local context and information.

In addition to the contents of the IHNR, the 2028 HNR will include a breakdown of housing types and tenures (e.g., needed 1-bedroom vs. 2-bedroom units, needed rental vs. ownership units). Another key difference is that the IHNR is only required to acknowledge the resulting total, not each of the six components (see below under Data for 2024 IHNR). However, the 2028 HNR will be required to include each of the six components. These will also need to be translated into OCP policies that address each component.

Data for 2024 IHNR

The HNR Method identifies the data sources and calculations that the Municipality *must* use to determine the housing needs. These are primarily based on census data and demographic projections provided by BC Stats. Homelessness data is supplied by the Province's Integrated Data Project at a regional level and apportioned to municipalities in proportion to their share of the regional population. The HNR Method Technical Guidance document attached to this report thoroughly explains the data sources and metrics.

The HNR Method involves quantifying six individual housing demand components that combine to create a headline housing target figure. These are:

1. The number of housing units for households in extreme core housing need
2. The number of housing units for individuals experiencing homelessness
3. The number of housing units for suppressed households
4. The number of housing units for anticipated household growth
5. The number of housing units required to increase the rental vacancy rate to 3%
6. The number of housing units that reflects additional local housing demand (“demand buffer”)

Some of the required steps are relatively unfamiliar and have not been tracked or estimated locally. These include concepts such as “suppressed household formation” which is a measure of how many new households would have formed in an unconstrained housing environment, but which did not in the current one. An example of suppressed household formation is young adults wishing to move into their own accommodation but being forced instead to remain living with their parents due to a lack of affordable/available housing options. Further details can be found in the Technical Guidance document (Attachment #2).

The Province partnered with the University of British Columbia to streamline this process and produced [a calculator](#) that automates data collection and processing for each municipal and regional district census division. Although arguably less sensitive to the local context, the streamlined process will allow for “apples to apples” comparisons across the province. This calculator has been used to generate the tables and numbers contained in the INHR attached to this report. These tables are produced sequentially, building on each other to culminate in the 5-year and 20-year housing needs figures.

5-Year and 20-Year Housing Need

Using the prescribed methodology and data, the IHNR yields new housing needs figures that supplant (although do not contradict) the previous figure of 1,208 units by 2026 in the HNR. According to IHNR, the Municipality needs 2,172 net new units within five years and 7,083 net new units within 20 years. Note that the resulting 5-year number is much higher than the 6-year need identified in the current HNR. The numbers in the current HNR are primarily based on projected growth, whereas the components of the IHNR also quantify the existing deficit in the housing supply.

2025 OCP and Zoning Bylaw Amendments to Accommodate 20-Year Housing Need

The Local Government Act requires that by December 31, 2025, the OCP and Zoning Bylaw accommodate (i.e. prezone for) the 20-year figure. It is expected that the recent zoning bylaw changes made in response to Bill 44, which prezone every residential lot within the Urban Containment Boundary (UCB) for four (or in a few limited cases, three) units, will provide the requisite degree of pre zoning, along with zoning decisions taken over the next 16 months within the Bell McKinnon area as the Municipality implements the Bell McKinnon Local Area Plan. However, further analysis will be required to confirm.

Timing & Housing Accelerator Fund Round 2

The federal Housing Accelerator Fund (HAF) was announced in the summer of 2023, providing significant funding awards to municipalities for implementing a package of seven initiatives to boost the housing supply. North Cowichan submitted an ambitious but realistic application predicated on delivering over 2,700 units over three years, which, according to the HAF's calculator, yielded a funding bid for over \$87M.

North Cowichan's bid was unsuccessful, and follow-up conversations with the HAF team did not identify any fundamental deficiencies or weaknesses with the application, noting that the scheme was heavily over-subscribed by competing local governments across Canada.

In July 2024, the federal government announced a further \$400M of funding for a second round of the HAF program. Applications are due by September 13 and staff are preparing a revised application for Council's endorsement, which will be brought forward at Council's regular meeting on September 4. One of the scoring criteria for applications is whether the applicant has a current HNR, awarding a significant extra 5 points (out of a total of 35).

For this reason, the IHNR is being brought forward for Council's receipt at this time and ahead of the statutory deadline of January 1 in order to boost the strength of the HAF Round 2 application. Having received the IHNR with the revised housing targets will add considerable credibility to having met this criterion.

Summary

Receiving the IHNR brings the Municipality into compliance with s.790 of the Local Government Act. In addition, the Municipality is preparing an application for HAF Round 2, and receiving the IHNR before the application submission deadline of September 13 adds strength to the Municipality's application.

OPTIONS

1. (Recommended Option)

THAT Council accepts the 2024 Interim Housing Needs Report dated August 2024 as attached to the Manager, Planning's September 4, 2024 report.

- This option fulfils the statutory requirement and strengthens the Municipality's application to the HAF Round 2.

2. THAT Council

- a. amends the 2024 Interim Housing Needs Report attached to the Manager, Planning's September 4, 2024 report by [... *amendments to be identified by Council*]; and,
- b. accepts the 2024 Interim Housing Needs Report as amended.

- Council may direct changes; however, prior to doing so, it should receive confirmation from staff that such changes do not fall short of compliance with the *Local Government Act* and regulations or contradict the data.

3. THAT Council

- a. accepts the 2024 Interim Housing Needs Report dated August 2024 as attached to the Manager, Planning's, September 4, 2024 report; and,
 - b. directs staff to provide further information regarding [... to be identified by Council] and to report back to Council prior to the end of 2024.
- There is time to amend the 2024 IHNR prior to the January 1 deadline; however delaying receipt means that the Municipality's HAF Round 2 application will not benefit from having an adopted IHNR. If Council receives the IHNR now, this will benefit the HAF Round 2 application, still with the option to amend the IHNR prior to the end of the year to comply with the Local Government Act requirements.

IMPLICATIONS

Receiving an IHNR by January 1, 2025, is a statutory requirement of the Local Government Act. There are no immediate implications for the Municipality, and the IHNR reflects the needs of the community and does not present a "new" five-year target above and beyond the HTO. The IHNR does create a longer-term obligation in establishing the requisite number of housing units that must be accommodated by the OCP and zoning bylaw by December 31, 2025. There are no financial or environmental implications; however, receiving the IHNR at this time does add significant strength to the Municipality's forthcoming funding application to the HAF Round 2. Whether the IHNR is adopted now or in December 2024 does not change the prescribed data and calculations, nor the requirement to "prezone" for the resulting numbers by the end of 2025.

RECOMMENDATION

THAT Council accepts the 2024 Interim Housing Needs Report dated August 2024 as attached to the Manager, Planning's September 4, 2024 report.

Report prepared by:



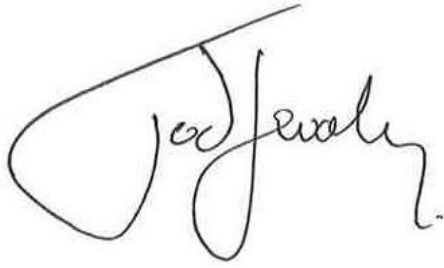
Chris Osborne, RPP, MCIP
Manager, Planning

Report reviewed by:



Amanda J. Young, RPP, MCIP
Director, Planning and Building

Approved to be forwarded to Council:

A handwritten signature in black ink, appearing to read "Ted Swabey". The signature is written in a cursive style with a large initial "T" and "S".

Ted Swabey
Chief Administrative Officer

Attachments:

- (1) Interim Housing Needs Report 2024
- (2) HNR Method Technical Guidelines
- (3) Provincial HNR FAQs